

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

West Stockholm Post Office
West Stockholm, New York 13696

Docket No. A2011-91

ORDER AFFIRMING DETERMINATION

(Issued January 9, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012, are those that were not in operation on, and for which a Final Determination was posted as of December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* Lastly, the Postal

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011 (Notice).

Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On September 27, 2011, Darrell W. Tracy on behalf of the Ad Hoc Committee to Save the West Stockholm Post Office (Petitioner) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the West Stockholm, New York post office (West Stockholm post office).² The Final Determination to close the West Stockholm post office is affirmed.

II. PROCEDURAL HISTORY

On September 29, 2011, the Commission established Docket No. A2011-91 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On October 12, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁵

Petitioner filed a Participant Statement supporting his petition.⁶ The Public Representative did not file a brief in this matter.

² Petition for Review received from Darrell W. Tracy regarding the West Stockholm, New York Post Office 13696, September 27, 2011 (Petition).

³ Order No. 883, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 29, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, October 12, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the West Stockholm, NY Post Office and Extend Service by Rural Route Service (Final Determination).

⁵ United States Postal Service Comments Regarding Appeal, November 21, 2011 (Postal Service Comments).

⁶ Participant Statement Received from Darrell W. Tracy, October 27, 2011 (Participant Statement). Attached to the Participant Statement were a letter from Representative Bill Owens dated

III. BACKGROUND

The West Stockholm post office provides retail postal services and service to 107 post office box customers and an intermediate rural route (21 boxes) from the Potsdam post office. Final Determination at 2. The West Stockholm post office, an EAS-11 level facility, has retail access hours of 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:45 p.m. Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturday. *Id.* Lobby access hours are the same as retail access hours. *Id.*

The postmaster position became vacant on June 25, 2005 when the postmaster was promoted. *Id.* A non-career officer-in-charge (OIC) was installed to operate the post office. *Id.* at 2. Retail transactions average 38 transactions daily (44 minutes of retail workload). *Id.* at 2. Post office receipts for the last 3 years were \$38,878 in FY 2008; \$31,969 in FY 2009; and \$32,179 in FY 2010. *Id.* There are no permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$37,255 annually. *Id.* at 9.

After the closure, retail services will be provided by the Potsdam post office located approximately 6 miles away.⁷ The Potsdam post office is an EAS-20 level office, with retail hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, and 9:00 a.m. to 12:00 p.m. on Saturday. Retail services are also available from the Norwood post office, an EAS-16 level office, which according to the Postal Service, is located approximately 6 miles away.⁸ Delivery service will be provided by rural carrier through the Potsdam post office. *Id.* at 2. The Potsdam post office has 318 post office boxes

September 19, 2011 (Owens Letter); a memorandum from Lisa and Darren Tracy, the landlords of the West Stockholm Post Office, dated April 21, 2011 (Tracy Memorandum); and a letter from James Bullard dated June 8, 2011 (Bullard Letter).

⁷ Postal Service Comments at 2. MapQuest estimates the driving distance between the West Stockholm and Potsdam post offices to be approximately 5.8 miles (8 minutes driving time).

⁸ Final Determination at 2. MapQuest estimates the driving distance between the West Stockholm and Norwood post offices to be approximately 11.5 miles (17 minutes driving time).

available. The Postal Service will continue to use the West Stockholm name and ZIP Code. *Id.* at 9, Concern No. 2.

IV. PARTICIPANT PLEADINGS

Petitioner. Petitioner opposes the closure of the West Stockholm post office. Petitioner argues that closure of the West Stockholm post office will have an adverse effect on the community; that the Potsdam post office will not provide regular and adequate service; that patrons will be adversely impacted by additional costs associated with travel to the Potsdam post office; and that closure of the West Stockholm post office is contrary to the provisions of 39 U.S.C. § 101(b). Participant Statement at 3. In a letter attached to Petitioner's Participant Statement, Congressman Owens also objects to the potential adverse impact on the community; argues that the proposed replacement service will be inadequate; and questions the adequacy of the proposed economic savings. Owens Letter at 1. In a second letter attached to Petitioner's Participant Statement, a post office patron argues that closure of the West Stockholm post office will adversely impact Postal Service revenues and, like Petitioner, asserts that closure of this post office is inconsistent with the requirements of 39 U.S.C. § 101(b). Bullard Letter at 1. A memorandum attached to the Participant Statement contains an offer by the landlords of the West Stockholm post office to reduce the rent paid by the Postal Service. Tracy Memorandum at 1.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the West Stockholm post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services, (2) the impact on the West Stockholm community, and (3) the economic savings expected to result from discontinuing the West Stockholm post office. *Id.* at 1-2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the West Stockholm post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the West Stockholm post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and declining post office revenue;
- the variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4-5. The Postal Service contends that it will continue to provide regular and effective postal services to the West Stockholm community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures. The Postal Service has addressed the concerns raised by Petitioner regarding the effect on postal services, effect on the West Stockholm community, economic savings, and effect on postal employees. *Id.*

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the

Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On April 15, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the West Stockholm post office. Final Determination at 2. A total of 124 questionnaires were distributed and 66 were returned. *Id.* On May 11, 2011, the Postal Service held a community meeting at the West Stockholm Fire Hall to address customer concerns. *Id.* Forty-seven customers attended. *Id.*

The Postal Service posted the proposal to close the West Stockholm post office with an invitation for comments at the West Stockholm, Norwood, and Potsdam post offices from May 21, 2011 through July 22, 2011. Final Determination at 2. The Final Determination was posted at the same 3 post offices from August 24, 2011 through September 25, 2011. *Id.* at 1.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on

postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C.

§ 404(d)(2)(A). The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

Effect on the community. West Stockholm, New York is an unincorporated community located in St. Lawrence County, New York. Administrative Record, Item No. 16. The community is administered politically by the Town of Stockholm. *Id.* Police protection is provided by the State Police. *Id.* Fire protection is provided by the West Stockholm Voluntary Fire Department. *Id.* The community is comprised of retirees, self employed persons and those who commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. See *generally* Administrative Record, Item No. 22-23 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the West Stockholm community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the West Stockholm post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 8-9.

Petitioner raises the issue of the effect of the closing on the West Stockholm community. Petition at 1; Participant Statement at 3. Petitioner notes the post office is a central institution for the small rural community. Participant Statement at 3. Petitioner states the alternatives presented by the Postal Service will result in hardships for members of the community. *Id.* at 4.

The Postal Service contends that it considered this issue and explains that the community identity will be preserved by continuing the use of the West Stockholm name and ZIP code. Postal Service Comments at 8. In addition, the Postal Service contends that the community can continue to meet at other businesses, churches or residences in

town. The Postal Service also contends the regular and effective postal services will continue to be provided to the West Stockholm community and carrier service is expected to be able to handle any future growth in the community. Postal Service Comments at 8.

Representative Owens' letter also raises a concern about the effect the closing of the West Stockholm post office will have on the community noting that the post office is often a place to meet and gather and postal operations often play an outsized role in ensuring that elderly and disabled Americans in rural areas get the services they need to function. Owens Letter at 1. Representative Owens also states that post offices are important for small rural communities as an anchor for many downtown areas and as a driver for job creation and economic development. *Id.*

As noted above, the Postal Service states the community can continue to meet in other business, churches or residences. Postal Service Comments at 8. That contention is implicitly supported by the fact the community meeting was held at the West Stockholm Fire Hall. Final Determination at 2.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the West Stockholm postmaster was promoted on June 25, 2005 and that an OIC has operated the West Stockholm post office since then. *Id.* at 11; Final Determination at 2, 9. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the West Stockholm post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to West Stockholm

customers. Postal Service Comments at 5-7. It asserts that customers of the closed West Stockholm post office may obtain retail services at the Potsdam post office located 6 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Potsdam post office. *Id.* The West Stockholm post office box customers may obtain Post Office Box Service at the Potsdam post office, which has 318 boxes available. *Id.*

Petitioner asserts that the nearest post office in Potsdam is five miles away and that many residents do not go there every day. Participant Statement at 3. Petitioner also states the Potsdam post office does not have sufficient parking. *Id.* at 4. In response to Petitioner's concern about the inability of community members to travel to the Potsdam post office for postal services, the Postal Service explains that for customers choosing not to travel to the Potsdam post office, retail services will be available from the carrier. *Id.* at 5. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.* Furthermore, the Postal Service states that carrier service is beneficial to many senior citizens and those who face special challenges because it allows them to obtain some postal services without having to travel. *Id.* at 7

Petitioner also expresses concern about rural carrier service during the winter when snow banks fill the roadsides. Participant Statement at 3. The Postal Service states it addressed this concern in the Final Determination which noted that the administrative postmaster could assist customers in determining the proper mailbox location and installation method that would alleviate this concern. Final Determination at 6, Concern 8.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$37,255. Final Determination at 9. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$6,200) minus the cost of replacement service (\$13,224). *Id.*

Representative Owens states the minimal savings to the Postal Service will do little to alleviate the Postal Service's financial difficulties while causing harm to the community. Owens Letter at 1. Mr. Bullard predicts that closing the West Stockholm post office forfeits many future business opportunities based on his assumption that many customers will use other services to mail parcels since they will have no relationship with their rural carrier and the Potsdam post office has limited parking and is located on a busy thoroughfare. Bullard Letter at 1.

The Postal Service takes the position that rural route carrier service would cost substantially less than maintaining the West Stockholm post office while continuing to provide regular and effective service to the community. Postal Service Comments at 9. In response to Mr. Bullard, the Postal Service states that it estimates closure of the West Stockholm post office to produce positive annual savings. Final Determination at 7, Concern No. 23; Administrative Record, Item No. 38, page 10 (Letter to Customer).

In their memorandum, the landlords of the West Stockholm post office offer to reduce the lease rental rate by 10% and to freeze that rate for five years. Tracy Memorandum at 1. The Postal Service notes that the lease cost is a relatively small fraction of the total cost of operating the facility. Postal Service Comments at 9. Even with a reduction in the lease, the Postal Service argues that the replacement carrier service is more cost-effective than maintaining the West Stockholm post office. *Id.*

Petitioner also states that residents will have to pay more for gasoline to drive to the Potsdam post office which will cause an economic hardship on people in the community of limited means. Participant Statement at 3-4. The Postal Service discounts Petitioner's concern over additional costs for gasoline since only the "economic savings to the Postal Service" are to be factored into the decision to close a post office, citing 39 USC 404(d)(2)(A)(iv). Postal Service Comments at 10.

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs unless there is a reasonable assurance that closing will actually eliminate those costs. The West Stockholm post office postmaster was promoted on June 25, 2005. Final Determination at 2. The post office

has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 10; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 13. Furthermore, notwithstanding that the West Stockholm post office has been staffed by an OIC for over 6 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Petitioner argues that the Postal Service's determination to close the West Stockholm post office is inconsistent with section 101(b) which prohibits closing any small post office solely for operating at a deficit. Participant Statement at 3. Mr. Bullard argues that closing the West Stockholm post office is an abandonment of the Postal Service's commitment to serve small communities and rural areas. Bullard Letter at 1.

The Postal Service responds that section 101(b) must be read in the context of related statutory provisions. Postal Service Comments at 10-11. The Postal Service argues that the concern for postal service in rural communities and small towns must be balanced with Congressional mandates that the postal service execute its mission efficiently and economically citing Sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). *Id.* In this case, the Postal Service contends it analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the post office and the answer was affirmative. *Id.*

The Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering workload at the West Stockholm post office (revenues declining and averaging only 38 retail transactions per

day), the record shows the Postal Service took into account other factors such as the postmaster vacancy, decline in workload, and that effective and regular service can be provided through rural route service. Final Determination at 10. The Commission concludes that the Postal Service did not violate the prohibition in section 101(b) against closing post offices solely for operating at a deficit.

VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the West Stockholm post office is affirmed.

It is ordered:

The Postal Service's determination to close the West Stockholm, New York post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the West Stockholm post office has been operated by a non-career Postmaster Relief (PMR) since June 2005. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal; yet on the other hand, it argues that the savings should be calculated using a full-time position. In addition, the lease extends until June 30, 2014, and does not have a 30-day termination clause. The economic analysis does not taken into consideration those tangible lease obligations. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Postal Regulatory Commission to correct the record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

The Commission has recently issued its Advisory Opinion in Docket No. N2011-1, pointing to the fact that its closing plans do not optimize the network. In the case of West Stockholm, the failure to undertake actual retail network optimization is exhibited by the Postal Service selecting for closure a post office with strong revenue that actually increased from 2009 to 2010. This proposed closing should be reconsidered in this light as well.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices

have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium.

The citizens of West Stockholm, New York and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider all requirements of 39 U.S.C. § 404(d).

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that since June 2005, a non-career postmaster relief (PMR) has been in charge of this facility, not an EAS-11 postmaster. The PMR's salary and benefits should be reflected in its cost savings analysis.

In addition, the current lease does not terminate until June 30, 2014, and does not have a 30-day termination clause. The Postal Service should note that any savings from the lease will not be realized for at least 30 months. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the West Stockholm post office is unsupported by evidence on the record and, thus, should be remanded.

Nanci E. Langley